

FOSTERING



# entrepreneurial employees

sparking

the spirit of

innovation

within your

own company

by Paul D. Reali

Do all entrepreneurs own companies? Or, perhaps a better question: *Should* all entrepreneurs own companies? No. Some of them should work for you.

We live in a time when innovation is imperative. Companies can't stand still. Peter Drucker, in *Management Challenges for the 21st Century*, said, "Every organization—not just business—needs one core competence: innovation."

To innovate, we need two things: entrepreneurial thinking and a company culture that encourages it. Entrepreneurial thinking can't be restricted to the visionary entrepreneur who runs the place. Innovative companies need to be innovative from bottom to top. To make this happen, we need innovative thinking—entrepreneurial thinking—from bottom to top.

### Can you expect your employees to be entrepreneurial?

There is an apparent conundrum here: If the people in your company are entrepreneurial, why aren't they out there running their own companies? The answer: because entrepreneurial thinking and being an entrepreneur are very different.

An entrepreneur, by definition, assumes the financial risk of an enterprise. Not everyone is cut out for that. Yet, there are many people who think like entrepreneurs and who want to be a part of a creative, exciting, innovative company but don't feel a pressing need to run the thing. In innovative times like these, these are the employees you want.

Just as there are entrepreneurial people, there are entrepreneurial *companies*. The same labels we apply to entrepreneurs—creative, innovative, risk taking, adventurous, passionate—we can also apply to



some companies. However, companies can be entrepreneurial only if their people are entrepreneurial.

Dave Wilemon, director of the Program in Entrepreneurship and Emerging Enterprises at Syracuse University, studies entrepreneurial companies. He was recently interviewed by *SU Management* magazine. "Great organizations are always emerging," Wilemon said. "They cannot rest on past achievements. The most successful companies not only manage change creatively, but consider innovation as a core competence, essential in [the company's] growth and renewal." The entrepreneur, in other words, can't be the only innovator in the company.

In most companies, we reward people when they accomplish a task. Job descriptions are written with a task orientation. *Your job is to do this.* More progressive companies reward results. *Your job is to achieve this.* Highly enlightened companies also reward initiative, ideas, and innovative thinking. In other words, they reward those who behave like entrepreneurs.

Gifford Pinchot, in the landmark book *Intrapreneuring*, says people who leave employment to start their own companies are not, as we might expect, driven by the desire to acquire wealth. Rather, they leave because they're frustrated in their attempts to be innovative.

You have, in your company right now, people who want to be innovative. You have people with creative ideas. You have entrepreneurs who don't want to run their own companies. You have a gold mine, and you need to mine the ore.

### What is entrepreneurial thinking?

You—owners, managers, and anyone who helps set the tone of a place—need not fire all your people and hire different ones. You need to unearth what is already there in the people you have.

Let's begin with the end in mind. The goal, the reason we want to turn our employees into entrepreneurs, is to make innovation happen in our organization. Now, let's add a simple definition of innovation, that is ideas implemented. The mission, then, is to generate good ideas and put them into action for the betterment of the company. Better in what way? Simply put, we want better things (think products and services), and better ways of doing things (think processes and procedures).

"Innovation is the introduction of something new—an idea, method, or device," according to Wilemon. Granted, it doesn't sound quite so romantic this way, but all innovations are not earth-shattering new products that make a company billions of dollars or make people behave in a different way. Rather, nearly all innovations are small, but

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## Suggested Readings

For more information on innovation and internal entrepreneurship, consider the following sources:

### **"I"-Power: The Secrets of Great Business in Bad Times**

Martin Edelston and  
Marion Buhagiar  
(Barricade Books Inc., 1992)

### **Source Book for Creative Problem Solving: A Fifty Year Digest of Proven Innovation Processes**

Sidney J. Parnes, ed. (Creative Education Foundation, 1992)

### **The Great Game of Business: Unlocking the Power and Profitability of Open-book Management**

Jack Stack with Bo Burlingame  
(Doubleday & Co. Inc., 1994)

### **Intrapreneuring**

Gifford Pinchot III  
(Harper & Row, 1985)

### **Intrapreneuring in Action: A Handbook for Business Innovation**

Gifford Pinchot III and  
Ron Pellman  
(Berrett-Koehler Publishers Inc.)

## Two things are needed for innovation to happen:

important improvements in the way we do things, in the products we sell, or in the services we provide.

Getting to this goal begins with encouraging the behaviors you want. The key behaviors are these: generating ideas; exploring, testing, and refining ideas; and implementing ideas (innovating).

And you want these behaviors to be natural behaviors; that is, the way your people do things all of the time. Creative thinking shouldn't be limited to the annual retreat, when the 10K-per-day motivational speaker moves everyone's soul for 58 minutes and the feeling dissipates before the end of cocktail hour.

Here's the formula: Create a system for generating ideas, for following up on each idea, and for rewarding people for their ideas.

### **Encouraging entrepreneurial thinking**

Despite your open-door policy, despite your love of MBWA (Manage By Wandering Around), despite your accessibility, your staff isn't going to approach you with ideas. You have to make them do it. You have to ask and keep asking, or better than that, you have to have a system that keeps the ideas coming, even when you don't ask.

One quick and easy way to do it is by combining the old suggestion box with simple bribery. Martin Edelston (with co-author Marion Buhagiar) recounts how he did it at

publishing company Boardroom Inc. in the book *"I"-Power*. At Boardroom, people are expected to produce ideas, at every meeting, every week, all the time. And every idea is rewarded with a dollar, or two dollars, or ten dollars.

But that's just the beginning. No idea is discounted out of hand. Every idea is followed up. Every idea. All ideas—in fact, most ideas—don't survive and become innovations. And that's okay. It takes a lot of ideas to produce a few good ideas.

Another way to formalize the process is to build entrepreneurial teams. Team members are assigned, as part of their regular duties, to work on improvements. Many of your employees want the opportunity to effect change, and they'll leap at this chance. An important point to remember: If it's a job responsibility, you must provide ample work time, resources, and follow-up.

### **Following up on ideas**

If the follow-up stops, the ideas stop. After a point, the token dollar rewards aren't enough. Remember that many idea generators leave to start companies *not* because they want to start companies, but because their employer frustrates their attempts to innovate.

A system of follow-up is the same here as in any business process. If you're going to improve your ideas, though, you may also want to improve your way of handling ideas. A good place to begin is by reading



## Entrepreneurial thinking and a company culture that encourages it.

*The Six Thinking Hats*, by Edward deBono, which helps manage the problem-solving process by getting people to think in the same direction at the same time. Another good source is the work of Sidney Parnes, in books such as *Source Book for Creative Problem Solving*.

### Rewarding the behavior

Rewards come in many shapes and sizes. Small rewards go a long way—a dollar for an idea, ten dollars for a good idea. Credit is vital—a sincere thank you, personal recognition. Big rewards are powerful too—a share of the savings, promotions and bonuses, profit-sharing. And don't forget the power of satisfaction, when someone sees his or her idea put into play.

Like motivation, the desire to contribute isn't usually about money. Motivation is complex, and it's different for each person, but there's a basic truth: Most of us want to do good and valuable work, and we want to be recognized and rewarded for a job well done.

### An atmosphere of change through a cultural change

Yet another way to foster entrepreneurship is to build entrepreneurial spirit into the core of the business. In *The Great Game of Business*, Jack Stack describes how he used open-book management to make his employees think—and behave—like businesspersons.

Here are the four tenets of open-book management:

1. Show your employees the numbers.
  2. Teach them how to understand the numbers—that is, teach them how the company makes money.
  3. Make it part of everyone's job to help move the numbers in the right direction.
  4. Reward people, through profit-sharing or other means, for doing it.
- Open-book management may seem like a radical notion, but Stack can prove it works, and not just with M.B.A.s and middle managers. Stack uses it at Springfield Remanufacturing Corp., which has a predominantly blue-collar workforce.

### Before they will believe, you must believe

Perhaps the number one job of a leader is to define reality. When you create a method for bringing out the entrepreneurial nature of your employees, you have to believe in it yourself. You have to model the behavior, and you must always remember: Some of the best ideas you will ever have won't be your own. **S**

Paul Reali, a writer, trainer, and entrepreneur based in Winston-Salem, N.C., conducts workshops on internal entrepreneurship, creative problem solving, and other innovation-centered topics. He can be reached at [preali@cyberskills.com](mailto:preali@cyberskills.com).

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